

Message Text

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PAGE 01 NOUAKC 00112 201010Z

ACTION AF-08

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AMEMBASSY KUWAIT

C O N F I D E N T I A L NOUAKCHOTT 0112

E.O. 11652: GDS

TAGS: BENC, EMIN, MR

SUBJECT: REPORTED DISPUTE BETWEEN KUWAITI-CONTROLLED SAMIA
AND SNIM

REF: NOUAKCHOTT 111 (NOTAL)

1. FACT THAT FOLLOWING COULD ONLY HAVE BEEN OBTAINED
FROM HANDFUL OF KEYPARTICIPANTS IMPOSES REQUIREMENT THAT
INFORMATION BE KEPT WITHIN U.S. GOVERNMENT .

2. OVER PAST SEVERALMONTHS WE HAVE BEEN PICKING UP
INDICATIONS THAT ALL IS NOT WELL IN RELATIONSHIP BETWEEN
SAMIA AND SNIM. (SAMIA IS 50-50 JOINT VENTURE BETWEEN
SNIM --GOVERNMENT INDUSTRIAL HOLDING COMPANY-- AND KUWAITI FINANCIAL
INDUSTRIAL GROUP ORGANIZED TO DESIGN, BUILD AND OPERATE SERIES
OF METALS PROJECTS). EVIDENCE OF ANTAGONISM BETWEEN SAMIA AND
SNIM HAS RECENTLY BEEN PROVIDED US BY MANAGERIAL-LEVEL, NON-
KUWAITI EX-PATRIATE EMPLOYED BY SAMIA. HIS ACCOUNT
OF SITUATION WAS SUBSEQUENTLY CONFIRMED BY HIGH-LEVEL
OFFICIAL OF SNIAM.

3. STRAINS IN SNIM/SAMIA RELATIONSHIP ARE SAID TO
DATE BACK TO ORIGINAL PLANNING OF METALS DEVELOP-
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PAGE 02 NOUAKC 00112 201010Z

MENT PROGRAMS (NOUAKCHOTT COPPER SMELTER, NOUADHIBOU
STEEL COMPLEX, PLUS PELLETIZING PLANT RELATED TO SNIM
GUELB PROJECT), ALTHOUGH THERE WAS APPARENTLY FULL
AGREEMENT THAT THESE PROJECTS WOULD BE DESIGNED,
FINANCED, AND IMPLEMENTED BY SAMIA (BUT WITH UNLIMATE
CONTROL BY SNIM ASSURED BY DESIGNATION OF SNIM
DIRECTOR GENERAL AS CHAIRMAN OF SAMIAOARD), AREAS

OF RESPONSIBILITY AND AUTHORITY SEEM NEVER TO HAVE BEEN CLEARLY DEFINED. IMPRECISION OF ORIGINAL ARRANGEMENT HAS BEEN GREATLY AGGRAVATED BY SHARP CONTRAST IN TECHNICAL AND MANAGERIAL COMPETENCE OF JOINT VENTURE PARTNERS: SNIM DG AND HIS STAFF ARE SPHISTICATED INDUSTRIAL MANAGERS FULLY AT HOME WITH TECHNICAL AND ADMINISTRATIVE COMPLEXITIES OF VERY LARGE SCALE INDUSTRIAL ENTERPRISES; SAMIA PERSONNEL ARE DISTINCTLY SECOND RATE, OF MARGINAL TECHNICAL AND MANAGERIAL COMPETENCE AND WITH APPARENTLY NO EXPERIENCE IN PLANNING AND ORGANIZING MULTI-MILLION DOLLAR INDUSTRIAL PROJECTS. MAURITANIANS IN SNIM AND KUWAITIS IN SAMIA HAVE NOT ESCALATED DEVELOPING DISPUTE INTO MAJOR CONFRONTATION. IT SEEMS LIKELY POLITICAL COMPROMISE ARRANGED BETWEEN GOVERNMENTS OF MAURITANIA AND KUWAIT WILL BE REQUIRED TO GET DEVELOPMENT PROJECTS PREVIOUSLY ASSIGNED TO SAMIA BACK ON TRACK.

4. EXTENT OF SNIM/SAMIA RIFT IS EXEMPLIFIED BY CURRENT HAGGLING OVER PROCEDURES TO BE USED FOR AWARDED CONTRACTS ON BIDS FOR PLANNED CONSTRUCTION PROJECTS. PARENT COMPANY OF LOCAL KUWAITI EMPLOYEES OF SAMIA REPORTEDLY INSTRUCTED SAMIA TO AWARD CONTRACTS FOR CONSTRUCTION PROJECTS IN MAURITANIA TO OTHER KUWAITI FIRMS, AND PARTICULARLY THOSE COMPANIES WITH TIES TO PARENT COMPANY IN KUWAIT. WHEN SNIM DIRECTOR GENERAL LEARNED OF THESE INSTRUCTIONS, HE ISSUED DIRECT ORDER TO KUWAITIS WORKING AT SAMIA TO PROCEED WITH BIDDING INSTRUCTIONS PREVIOUSLY LAID DOWN BY SNIM. LOCAL KUWAITIS REFUSED, CONTACTED PARENT

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NOUAKC 00112 201010Z

COMPANY IN KUWAIT, AND ADVISED SNIM DIRECTOR GENERAL THAT NEGOTIATING TEAM FROM PARENT COMPANY IN KUWAIT WOULD VISIT NOUAKCHOTT TO DISCUSS WHOLE GAMUT OF SNIM/SAMIA DIFFICULTIES. SNIM DIRECTOR GENERAL RESPONDED BY REFUSING TO SCHEDULE APPOINTMENT FOR VISITING NEGOTIATING TEAM, AND ISSUED DIRECTIVE TO ALL SNIM EMPLOYEES PROHIBITING DISCUSSIONS WITH THE TEAM. KUWAITIS RESPONDED BY WITHDRAWING HEAD OF LOCAL KUWAITI CONTINGENT TO KUWAIT ON CONSULTATIONS.

5. IT IS POSSIBLE THAT SNIM/SAMIA DISPUTE MAY ALREADY HAVE BEEN THROWN INTO POLITICAL ARENA. GIRM MINISTER OF STATE OF NATIONAL ECONOMY PAID OFFICIAL VISIT TO KUWAIT 6-11 NOVEMBER 1976, AND MAURITANIAN AMBASSADOR ASSIGNED TO KUWAIT IS CURRENTLY IN NOUAKCHOTT ON CONSULTATION. IN THE MEANTIME, DEVELOPMENT PROJECTS SLATED TO BE IMPLEMENTED BY SAMIA HAVE BEEN TEMPORARILY DEFERRED.

HANDYSIDE

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